

Services Division

Committee on China

Committee Minutes - 169th Meeting - 22 April 1958

D/S Representatives:

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Guests:

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1. [REDACTED] OM, discussed the recent reorganization of the economic ministries in Communist China.

The reorganization of early February 1958 was not major. The main difference between this reorganization and previous ones, coming at intervals of about two years, is that this time the organization was one of consolidation rather than division. The main enterprises affected are those in the construction, light industry, and machine building fields.

There are at least no outward indications that the reorganization was politically inspired. No overall increase of party members holding office was involved. Although some non-party members were removed from office, non-party members are in some of the new offices. The explanations the Chinese Communists give for the reorganization are: (1) to clarify the division of responsibility between the central and local governments, and (2) to carry out the spirit of the rectification campaign.

The reorganization in industrial management, first announced in November, involved changes falling into three categories: (1) enterprises to be controlled directly by local governments; (2) enterprises to be administered jointly by the central and local governments, apparently involving enterprises which are to remain under control of the central government for such things as planning but in which the local governments have a larger managerial responsibility; and (3) enterprises to be controlled directly and wholly by the central government.

For the next couple of years the reorganization will undergo a period of trial and error. Some confusion will undoubtedly arise and there is a possibility of friction developing.

2. Attention of committee members was called to the following publication: Chinese Railway Lines and Stations, [REDACTED] 1 April 1958, For Official Use Only.

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AGENDA: The next meeting will be 6 May - Mr. [REDACTED], St. PR, will discuss the functions of that office and consider briefly the FY 1959 research program.

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ORR/S/TR: [REDACTED] / lkc/2370. (22Apr58)